

**MINUTES OF REGULAR MEETING
OPEN SESSION
ILLINOIS GAMING BOARD
January 8 and 9, 2007
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

On Monday, January 8 and Tuesday, January 9, 2007 a Regular Meeting of the Illinois Gaming Board ("Board") was held in the conference room of the Gaming Board Offices on the 3rd floor at 160 N. LaSalle for closed session.

The following Board Members were present: Chairman Aaron Jaffe, Members Charles Gardner, Joseph Moore, James Sullivan and Eugene Winkler.

At 10:11 A.M. on Monday, January 8, 2007 Chairman Jaffe called the meeting to order. Pursuant to Section 2(c), paragraphs (1), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Gardner moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

- 1. Personnel matters;**
- 2. Pending Litigation;**
- 3. Investigations concerning applicants and licensees; and**
- 4. Closed Session Minutes.**

Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote. The Board remained in Closed Session until approximately 12:45 p.m. The Board recessed until Tuesday, January 9, 2007 at 12:15 p.m. At 12:00 p.m. on Tuesday January 9, 2007 the Board recommenced its closed session meeting with all Board members present. The Board convened its Open session at approximately 1:15 P.M. pursuant to motion.

Roll call was taken with five members present.

APPROVAL OF MINUTES

Member Gardner moved that **the Board approve the closed session minutes of its Regular Meeting of December 18 and 19, 2006 and the open session minutes of December 19, 2006.** Member Moore seconded the motion. The Board approved the motion unanimously by roll call vote.

BOARD MEMBERS' COMMENTS

Member Winkler commented that the Human Resource staff at the casinos need to screen the applicants more comprehensively. Member Gardner also commented and stated that they need to be mindful of the statutes.

ADMINISTRATOR'S REPORT

Mark Ostrowski stated that the February Board meeting will take place in Springfield, further details will be furnished to the public in the future. Mark also thanks the General Managers from Grand Victoria Casino and Casino Rock Island for meeting with Senior staff in December.

OWNER LICENSEE ITEMS

Item of Initial Consideration – no motion

- Grand Victoria Casino/MGM Mirage – Request for IGB Approval of Nevada Landing Partnership as a Subsidiary Guarantor

Items for Final Action –

- Grand Victoria Casino – Trudy Malkey, Controller, Level One

Based on a review of staff's investigation and recommendation, Member Moore moved that **the Board approve Trudy Malkey as a Level One Occupational Licensee in the position of Controller for the Elgin Riverboat Resort d/b/a the Grand Victoria Casino.** Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

- Grand Victoria Casino – William T. Martin, Executive Committee Member – Key Person

Based on a review of staff's investigation and recommendation, Member Moore moved that **the Board approve William T. Martin as a Key Person of the Elgin Riverboat Resort d/b/a the Grand Victoria Casino in his position as an Executive Committee Member.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

SUPPLIER LICENSEE ITEM -

- Midwest Game Supply Company – License Renewal

Based on a review of staff's investigation and recommendation, Member Winkler moved that **the Board renew the Supplier's license of Midwest Game Supply Company for a period of four (4) years expiring in 2011.**

Staff further recommends that the Board designate the following individuals/positions as Key Persons of Midwest:

1. **President/Treasurer**
2. **Vice President/Secretary**
3. **Linda L. Sohm, 51% Shareholder**
4. **Charles P. Sohm, 49% Shareholder**

Finally, staff recommends Midwest's approved Supplier's List include the following:

1. Certified “Perfects Dice”.
2. Casino Chips
3. Roulette and Big Six Wheels.
4. 6 Deck Dealing Shoe.
5. Table game layouts for Baccarat, Mini-Baccarat, Big Six, Blackjack Royal Match 21, Single Hand 21, Spanish 21, Twenty-one Super Bucks, Poker, Let It Ride Poker, Craps, Craps with “Firebet” Red Dog, Roulette, Sic Bo, War and Wild Aruba Stud.
6. Reconditioned electronic gaming devices (EGDs).

Member Gardner seconded the motion. The Board approved the motion unanimously by roll call vote.

OCCUPATIONAL LICENSES APPROVALS & DENIALS - Level 2’s & 3’s

Based on staff’s investigation and recommendation, Member Winkler moved that **the Board approve 26 applications for an Occupational License, Level 2, and 111 applications for an Occupational License, Level 3.**

Further, Member Winkler moved that **the Board direct the Administrator to issue a Notice of Denial to the following applicant for Level 3 license, who previously received notice that staff intended to recommend denial and either did not respond or provide additional information to rebut the recommendation:**

1. **Kenneth Endemann**

Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call vote.

PROPOSED COMPLAINTS AND DISCIPLINARY ACTIONS

- Patrick Kenny, Gerard Kenny, Joan Kenny Rose, James Kenny, John Kenny, Jr., and Phillip Kenny – Pledge Agreement

Based on the staff’s investigation and recommendation, Member Moore moved that **the Board issue a Disciplinary Complaint against Patrick B. Kenny, Gerard M. Kenny, Joan Kenny Rose, James C. Kenny, John E. Kenny, Jr., and Philip B. Kenny, for failing to comply with the Illinois Riverboat Gambling Act and the Board’s Adopted Rules in relation to certain agreements involving the transfer and/or pledge of ownership interests in Casino Queen, Inc. and their failure to appropriately disclose those agreements to the Board or, where necessary, obtain prior Board approval.**

Further, Member Moore moved for **the imposition of fines as follows: Patrick B. Kenny, \$15,000.00, Gerard M. Kenny, \$10,000.00, Joan Kenny Rose, \$2,000.00, James C. Kenny, \$2,000.00, John E. Kenny, Jr., \$2,000.00 and Philip B. Kenny, \$2,000.00. Said actions to**

take affect twenty-one (21) days from the date of service of the complaint unless answered within that time period pursuant to section 1125 of the Rules. Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

- Gerard Kenny – Ownership Interest –

RESOLUTION

Member Sullivan offered the following resolution:

WHEREAS, the Illinois legislature codified its intent regarding regulation of the gaming industry in the Riverboat Gambling Act. The legislature intended to strike a balance between the enhanced investment, development and tourism that riverboat gambling would bring to Illinois but it also expressly, and purposefully, warned that those goals would be successfully achieved only if public confidence and trust in the credibility and integrity of the gambling operations and the regulatory process is maintained.

WHEREAS, the legislature established the Illinois Gaming Board and gave it specified powers and duties. In more than one instance in the Riverboat Gambling Act, the Board was granted broad powers to enforce the Act and to ensure that the credibility of gaming is maintained. The Board has all powers necessary and proper to fully and effectively execute the provisions of the Act. The Board is empowered to take any action as may be reasonable or appropriate to enforce the Act and the Board's Adopted Rules.

WHEREAS, the Board's jurisdiction extends to every person and every association involved in riverboat gambling operations in Illinois.

WHEREAS, the Casino Queen, Inc. holds an Owner's License to operate a Riverboat Gambling Operation that was first issued by the Board on July 20, 1993. Casino Queen's Owner's License has been periodically renewed and is currently in force until July 2010.

WHEREAS, the Casino Queen, Inc. is a privately held corporation owned by a number of individual shareholders.

WHEREAS, Gerard M. Kenny is a shareholder of Casino Queen, Inc. Gerard M. Kenny owns 2.857 percent of the Riverboat Gambling Operation.

WHEREAS, the Board initiated an investigation into certain reported associations between Gerard M. Kenny and persons with alleged notorious and/or unsavory reputations.

WHEREAS, Gerard M. Kenny entered into and maintained one or more associations with Leonard M. Mercer, Jr., Frank Leo and Patrick Danan to purchase and develop real estate in Chicago, Illinois.

WHEREAS, Leonard J. Mercer, Jr. is a convicted felon and known associate of organized crime. Frank Leo is an associate of Leonard J. Mercer, Jr.

WHEREAS, at all times relevant to the Board's investigation, Frank Leo and Patrick Danan were associated with Leonard J. Mercer, Jr. in a number of businesses and ventures. One such business was Raceway Ventures, LLC, which was formed in March 2004 to acquire a majority of stock in a New York racetrack. After the acquisition, New York authorities initiated an investigation into Raceway's ownership, finances and the acquisition of stock in the racetrack. Financing for the acquisition was obtained by and secured by Mercer, Leo, Danan and certain real estate and businesses associated with one or more of them. New York authorities found that Mercer's interest in and association with the acquisition was not documented or properly disclosed. Leo and Danan were denied licensure due to their failure to provide information or cooperate with the New York authorities. In August 2004 the New York Racing And Wagering Board ordered that Raceway Ventures, Frank Leo and Patrick Danan be required to dispose of their stock and any beneficial interest in the racetrack.

WHEREAS, in September 2005 Gerard M. Kenny, Frank Leo and Patrick Danan, through a company owned by each of them, consummated the purchase of the real estate in Chicago, Illinois. Yet another business owned by Gerard M. Kenny, Frank Leo and Patrick Danan was and/or is involved with the development of the project.

WHEREAS, Leonard M. Mercer, Jr., Frank Leo and Patrick Danan have notorious and/or unsavory reputations. Moreover, they failed to cooperate with a State regulatory agency that was investigating their purchase and ownership of a racetrack. Mercer's, Leo's and Danan's reputations and conduct associated with the New York Racing And Wagering Board discredits or tends to discredit the Illinois Gambling industry and the State of Illinois.

WHEREAS, the Board takes into further consideration the fact that Gerard M. Kenny pledged his shares of stock in the Casino Queen without first obtaining Board approval to do so.

WHEREAS, it is contrary to the public interest and the credibility of gaming in Illinois for Gerard M. Kenny to continue to hold any stock and or interest in stock, directly or indirectly, in Casino Queen, Inc. due to his associations with Leonard J. Mercer, Jr., Frank Leo and Patrick Danan.

NOW, THEREFORE,

BE IT RESOLVED that the Board hereby orders the economic disassociation of Gerard M. Kenny from the Casino Queen, Inc.

BE IT FURTHER RESOLVED that Casino Queen, Inc. effectuate the economic disassociation of Gerard M. Kenny from the Casino Queen, Inc. within 30 days of the adoption of this Resolution by the Board.

Member Sullivan moved that **the Gaming Board adopt this resolution**. Member Winkler seconded the motion. The Board approved the motion unanimously by role call.

Chairman Jaffe reminded the public that the Board enforces the rules and regulations of the Riverboat Gambling Act. The Board will not tolerate anyone with unsavory reputations to participate in our Illinois casinos. This Board will be as transparent as possible; and regulate openly and above board.

Member Gardner stated for the record that no one was present from the Casino Queen or the Kenny family to respond to those actions.

ADJOURNMENT

At 1:50 p.m. Member Winkler moved to reconvene to closed session. Member Gardner seconded the motion. The motion passed unanimously by roll call vote.

Respectfully submitted,

Mary C. Boruta
Secretary to the Administrator